Consolidated Financial Results
for Fiscal Year 2011 (ended March 31, 2012)

Initiatives of the Medium-Term Plan
(Fiscal Years 2010 - 2013)

May 8, 2012

Azbil Corporation

Contents

Current plans, targets, etc. discussed in this document that are not based on historical fact are projections of future performance. They are based on management's assumptions, intent and expectations in light of the information currently available to it, and therefore these statements are not guarantees of future performance.
Due to various factors, actual results may differ from these projections.

Note: Segment names are abbreviated as follows.

* Figures are rounded off.

BA: Building Automation Business
AA: Advanced Automation Business
LA: Life Automation Business

1 Consolidated Financial Results for Fiscal Year 2011

1-1. FY2011 Financial Results

FY2011

Consolidated Financial Results

《Compared to the previous fiscal year and the business plan》

Orders Received

The BA business achieved significant growth, owing mainly to large-scale service contracts. Also, the AA business grew. As a result, orders totaled 233.9 billion yen, an increase of 7.6% (16.5 billion yen) on the previous fiscal year.

* Orders were placed for large-scale service projects that stretch over several years, and the total value of each contract for that multi-year period is recorded as a lump sum for accounting purposes. The periods covered by contracts won by the azbil Group through such market testing range from 3 to 5 years, and thus the amounts involved are quite considerable; consequently, they account for the bulk of the growth in orders achieved by the BA business in the current fiscal year.

Net Sales

Bolstered by growth in the BA and AA businesses, sales were 223.5 billion yen, an increase of 2.0% (4.3 billion yen) on the previous fiscal year.

Income

As a result of price pressures and increased outlays for social insurance premiums, etc., operating income fell by 0.5 billion yen compared to the previous year. However, thanks to increased sales and successful measures to minimize the impact of the earthquake and nuclear power plant accident, operating income was 14.3 billion yen, representing an increase of 2.5% above the revised plan.

Billions of yen

	FY2010	FY2011									
	Actual (A)	Actual (B)	Difference		Initial plan (C)	Difference		Revised plan (D)	Difference		
			(B) - (A)	% Change	(10.May.2011)	(B) - (C)	% Change	(28.Oct.2011)	(B) - (D)	% Change	
Orders received	**217.4**	**233.9**	**16.5**	7.6 %							
Net sales	**219.2**	**223.5**	**4.3**	2.0 %	**220.0**	**3.5**	1.6%	**222.0**	**1.5**	0.7%	
Gross profit	**79.7**	**80.8**	**1.1**	1.4 %							
Gross profit margin	*36.4 %*	*36.2 %*	*(0.2)*								
Operating income	**14.9**	**14.3**	**(0.5)**	(3.7)%	**13.0**	**1.3**	10.4%	**14.0**	**0.3**	2.5%	
Operating margin	*6.8 %*	*6.4 %*	*(0.4)*		*5.9 %*	*0.5*		*6.3 %*	*0.1*		
Ordinary income	**14.9**	**14.6**	**(0.3)**	(2.0)%	**13.0**	**1.6**	12.3%	**13.8**	**0.8**	5.8%	
Net income	**7.9**	**8.5**	**0.6**	7.5 %	**7.3**	**1.2**	16.7%	**7.8**	**0.7**	9.2%	

FY2011

Non-operating Income/Expenses and Extraordinary Income/Loss

《Compared to the previous fiscal year》

- Non-operating income and expenses increased by 0.3 billion yen compared to the previous fiscal year. This is because non-operating income fell by 0.2 billion yen mainly due to the reduced dividends income while non-operating expenses decreased by 0.4 billion yen, primarily as a result of reduced foreign exchange losses.
- Extraordinary income and loss increased by 1.4 billion yen compared to the previous fiscal year. Specifically, extraordinary income rose by 0.5 billion yen compared to the previous year; this was the result of gains on a transfer of business compensation income, etc. At the same time, extraordinary loss fell by 0.9 billion yen compared to the previous fiscal year, in which changes to accounting standards had resulted in a one-off increase.*

*Note: Extraordinary losses for fiscal year 2010 include approximately 800 million yen as loss on adjustment for changes of accounting standard for asset retirement obligations and environmental expenses.

Billions of yen

	FY2010	FY2011		
	Actual (A)	Actual (B)	Difference	
			(B) - (A)	% Change
Operating income	14.9	14.3	(0.5)	(3.7)%
Non-operating income	1.0	0.8	(0.2)	(18.8)%
Non-operating expenses	1.0	0.6	(0.4)	(44.1)%
Ordinary income	14.9	14.6	(0.3)	(2.0)%
Extraordinary income	0.2	0.8	0.5	210.4%
Extraordinary loss	1.4	0.6	(0.9)	(60.4)%
Income before income taxes and minority interests	13.7	14.8	1.1	7.9%
Income taxes	5.5	6.0	0.5	8.4%
Minority interests in income	0.3	0.3	0.0	8.6%
Net income	7.9	8.5	0.6	7.5%

FY2011
Orders Received , Net Sales and Segment Profit (Operating Income)

azbil

《Compared to the previous fiscal year and the business plan》

BA

Owing mainly to the large-scale service contracts won in this period, orders rose by 16.6% on the previous fiscal year to 113.4 billion yen. Sales were 103.9 billion yen, up 1.7% on the previous fiscal year, thanks to growth in service and overseas sales. Such factors as price pressures and increased outlays for social insurance premiums meant that segment profit was 10.3 billion yen, down 12.1% on the previous fiscal year.

AA

There was a downturn in control products for equipment manufacturers, but this was offset by a pickup in sales of field instruments and system products in the energy- and highly functional materials-related markets. Orders increased by 3.3% on the previous fiscal year to 85.7 billion yen. Sales were 84.1 billion yen, an increase of 3.9% on the previous year. Segment profit was 4.0 billion yen, up 23.9% on the previous year, attributable mainly to growth in sales.

LA

Performance was impacted by the March 11 earthquake and ensuing nuclear power plant accident, which meant that operations at some factories had to be suspended. Another negative factor was that LP gas meter sales were depressed in the off-demand season. However, sales were 32.5 billion yen, down by only 0.2% on the previous fiscal year. Thanks to the success of measures aimed at a quick operational recovery after March 11, and increased prices for water meters, segment loss was 0.1 billion yen at about the same level compared to the previous fiscal year but significantly better than the Initial plan.

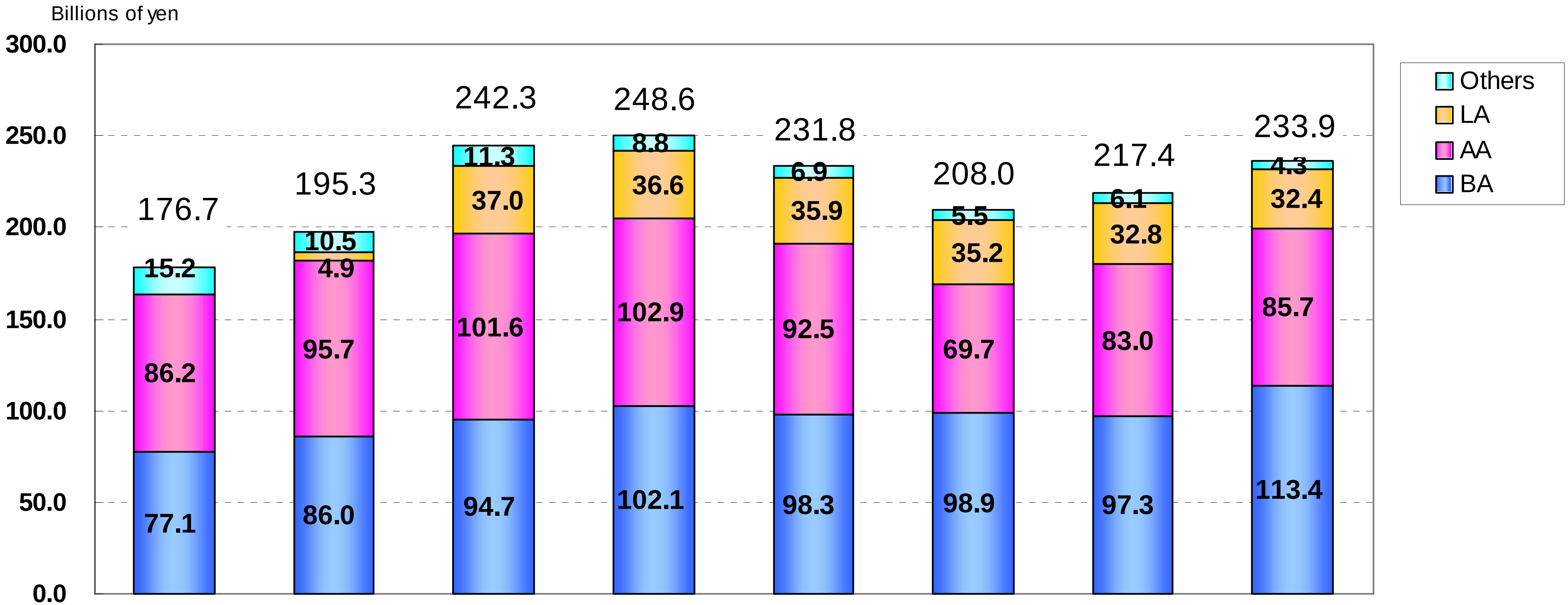
Billions of yen

		FY2010	FY2011								
		Actual (A)	Actual (B)	Difference		Initial plan (C)	Difference		Revised plan (D)	Difference	
				(B) - (A)	% Change	(10.May.2011)	(B) - (C)	% Change	(28.Oct.2011)	(B) - (D)	% Change
BA	Orders received	97.3	113.4	16.1	16.6%						
	Net sales	102.1	103.9	1.8	1.7%	104.0	(0.1)	(0.1)%	104.0	(0.1)	(0.1)%
	Segment profit	11.7	10.3	(1.4)	(12.1)%	10.6	(0.3)	(2.6)%	10.6	(0.3)	(2.6)%
	%	11.5%	9.9%	(1.6)		10.2%	(0.3)		10.2%	(0.3)	
AA	Orders received	83.0	85.7	2.7	3.3%						
	Net sales	81.0	84.1	3.2	3.9%	83.0	1.1	1.4%	83.0	1.1	1.4%
	Segment profit	3.2	4.0	0.8	23.9%	3.4	0.6	17.8%	3.6	0.4	11.3%
	%	4.0%	4.8%	0.8		4.1%	0.7		4.3%	0.4	
LA	Orders received	32.8	32.4	(0.4)	(1.1)%						
	Net sales	32.6	32.5	(0.1)	(0.2)%	31.0	1.5	5.0%	32.5	0.0	0.1%
	Segment profit	(0.2)	(0.1)	0.1	–	(0.9)	0.8	–	(0.3)	0.2	–
	%	(0.7)%	(0.4)%	0.3		(2.9)%	2.5		(0.9)%	0.5	
Others	Orders received	6.1	4.3	(1.8)	(29.7)%						
	Net sales	5.1	4.9	(0.2)	(4.2)%	4.0	0.9	22.7%	4.5	0.4	9.1%
	Segment profit	0.1	0.1	(0.0)	(1.4)%	(0.1)	0.2	–	0.1	0.0	42.9%
	%	2.8%	2.9%	0.1		(2.5)%	5.4		2.2%	0.7	
Consolidated	Orders received	217.4	233.9	16.5	7.6%						
	Net sales	219.2	223.5	4.3	2.0%	220.0	3.5	1.6%	222.0	1.5	0.7%
	Operating income	14.9	14.3	(0.5)	(3.7)%	13.0	1.3	10.4%	14.0	0.3	2.5%
	Operating margin	6.8%	6.4%	(0.4)		5.9%	0.5		6.3%	0.1	

* Each segment amounts include internal transactions between business segments.

[Reference] FY2004 - 2011

Orders Received by Segment

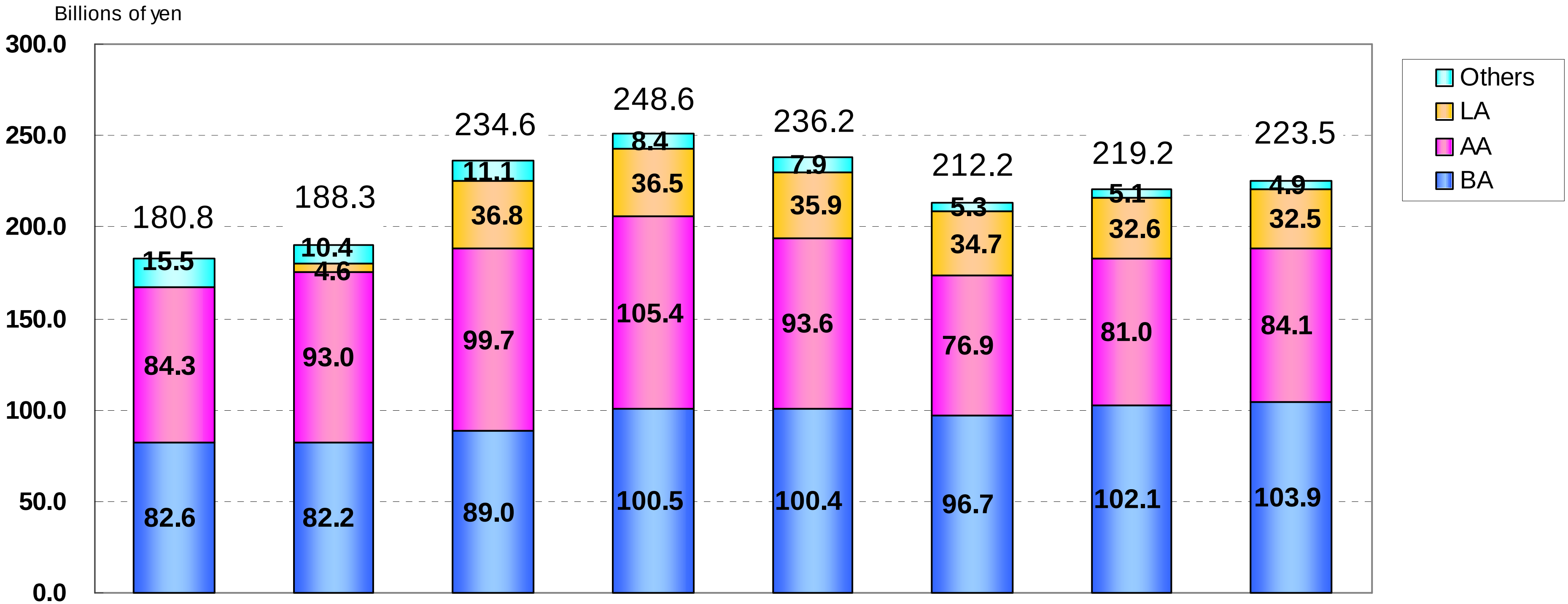


	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
BA	77.1	86.0	94.7	102.1	98.3	98.9	97.3	113.4
AA	86.2	95.7	101.6	102.9	92.5	69.7	83.0	85.7
LA	0.0	4.9	37.0	36.6	35.9	35.2	32.8	32.4
Others	15.2	10.5	11.3	8.8	6.9	5.5	6.1	4.3
Consolidated	176.7	195.3	242.3	248.6	231.8	208.0	217.4	233.9

* Each segment amounts include internal transactions between business segments.

[Reference] FY2004 - 2011

Net Sales by Segment

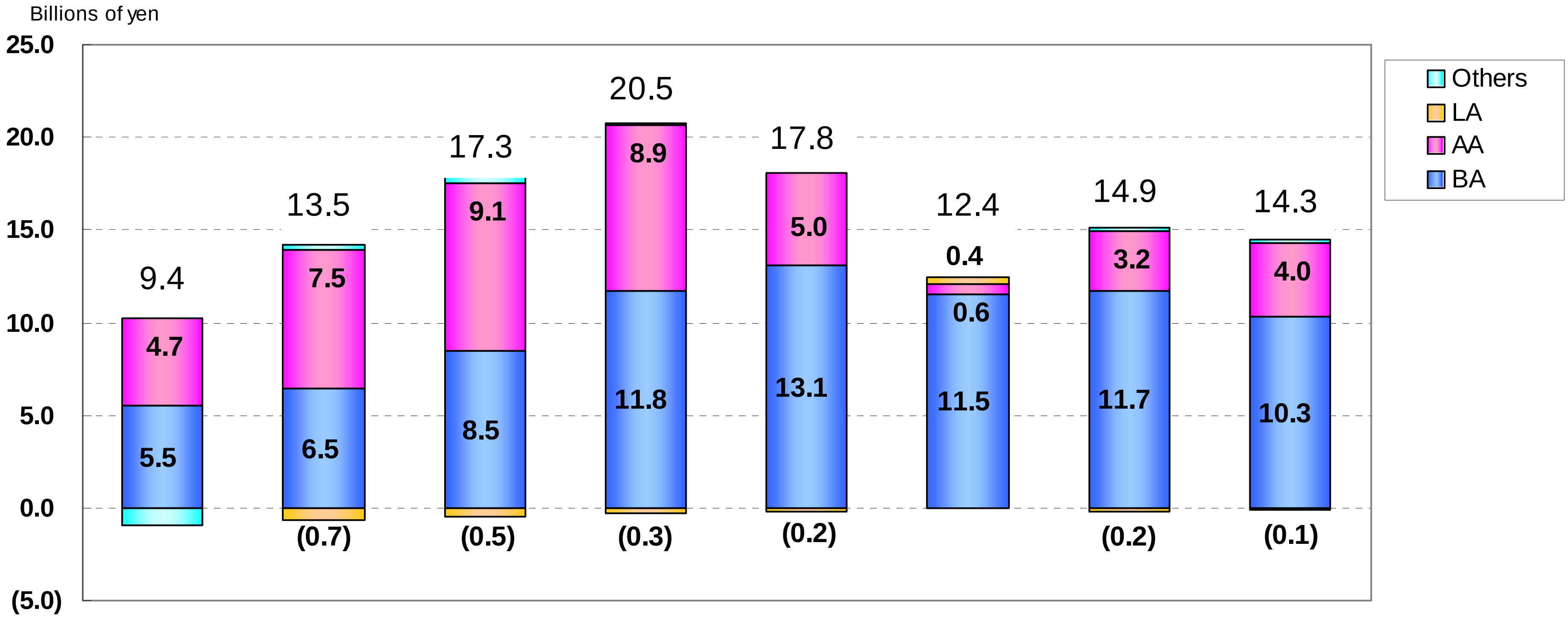


	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
BA	82.6	82.2	89.0	100.5	100.4	96.7	102.1	103.9
AA	84.3	93.0	99.7	105.4	93.6	76.9	81.0	84.1
LA	0.0	4.6	36.8	36.5	35.9	34.7	32.6	32.5
Others	15.5	10.4	11.1	8.4	7.9	5.3	5.1	4.9
Consolidated	180.8	188.3	234.6	248.6	236.2	212.2	219.2	223.5

* Each segment amounts include internal transactions between business segments.

[Reference] FY2004 - 2011

Segment Profit (Operating Income)



	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
BA	5.5	6.5	8.5	11.8	13.1	11.5	11.7	10.3
AA	4.7	7.5	9.1	8.9	5.0	0.6	3.2	4.0
LA	0.0	(0.7)	(0.5)	(0.3)	(0.2)	0.4	(0.2)	(0.1)
Others	(0.9)	0.2	0.4	0.1	(0.1)	(0.0)	0.1	0.1
Consolidated	9.4	13.5	17.3	20.5	17.8	12.4	14.9	14.3

* Each segment amounts include internal transactions between business segments.

FY2011

International Business (Overseas Sales)

《Compared to the previous fiscal year》

- Despite slowing economic growth in China and unfavorable exchange rates*, there was growth in the Asian region, resulting in sales of 19.8 billion yen, up 9.7% on the previous fiscal year.

  * The average dollar-yen exchange rate fell from 87.79 in FY2010 to 79.79 in FY2011.

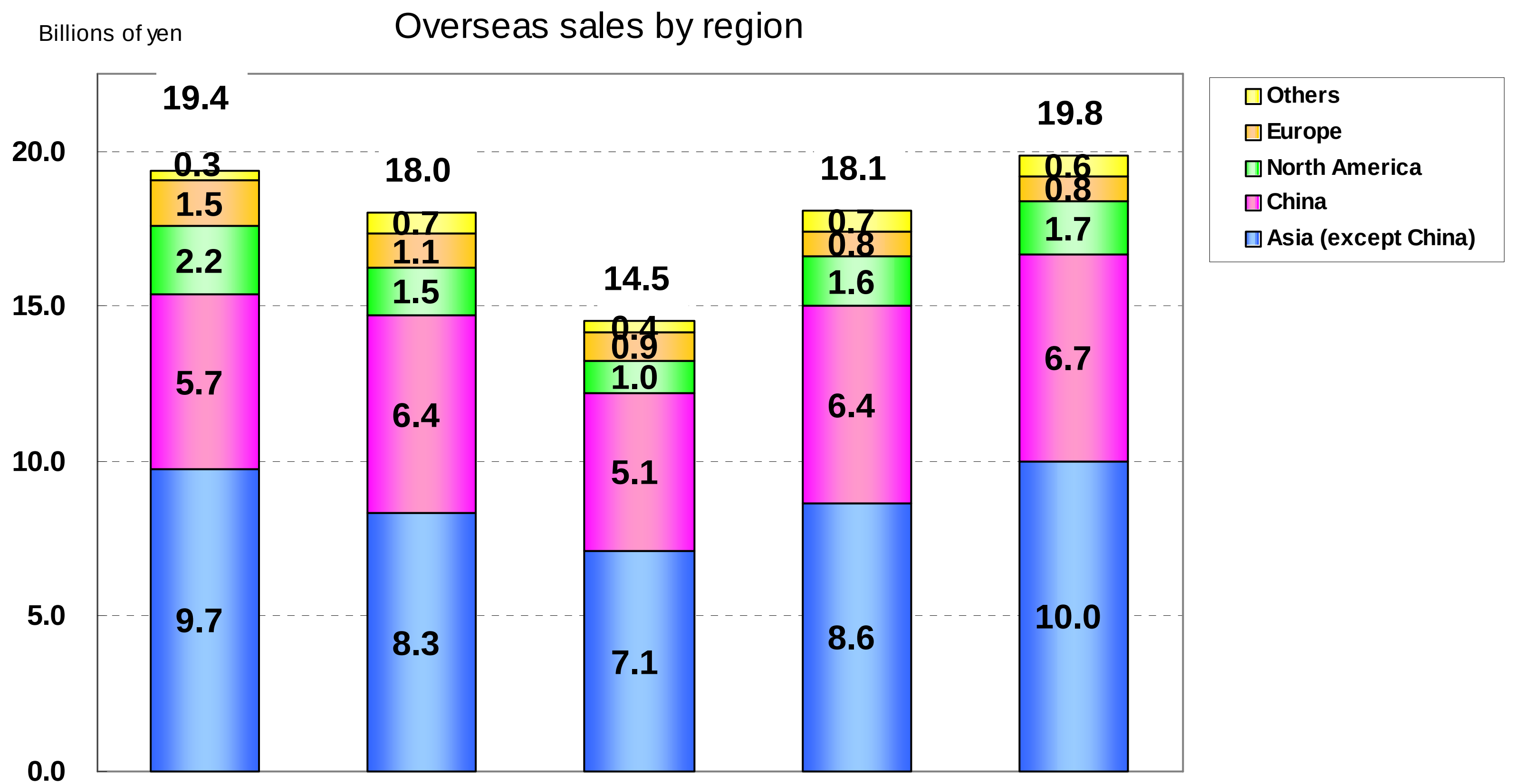
- FY2011 overseas sales as percentage of total: 8.9% (FY2010: 8.2%)

Billions of yen

	FY2010	FY2011		
	Actual (A)	Actual (B)	Difference (B) - (A)	Difference % Change
Asia (except China)	8.6	10.0	1.3	15.5 %
China	6.4	6.7	0.3	4.9 %
North America	1.6	1.7	0.1	7.3 %
Europe	0.8	0.8	0.0	5.2 %
Others	0.7	0.6	(0.0)	(7.3)%
Total	18.1	19.8	1.8	9.7 %

* International business (overseas sales) figures include only the sales of overseas subsidiaries and direct exports; indirect exports are excluded.
* The accounting year used by overseas subsidiaries ends on December 31.

[Reference] FY2007 - 2011
International Business (Overseas Sales)



Reference : Average Exchange Rate

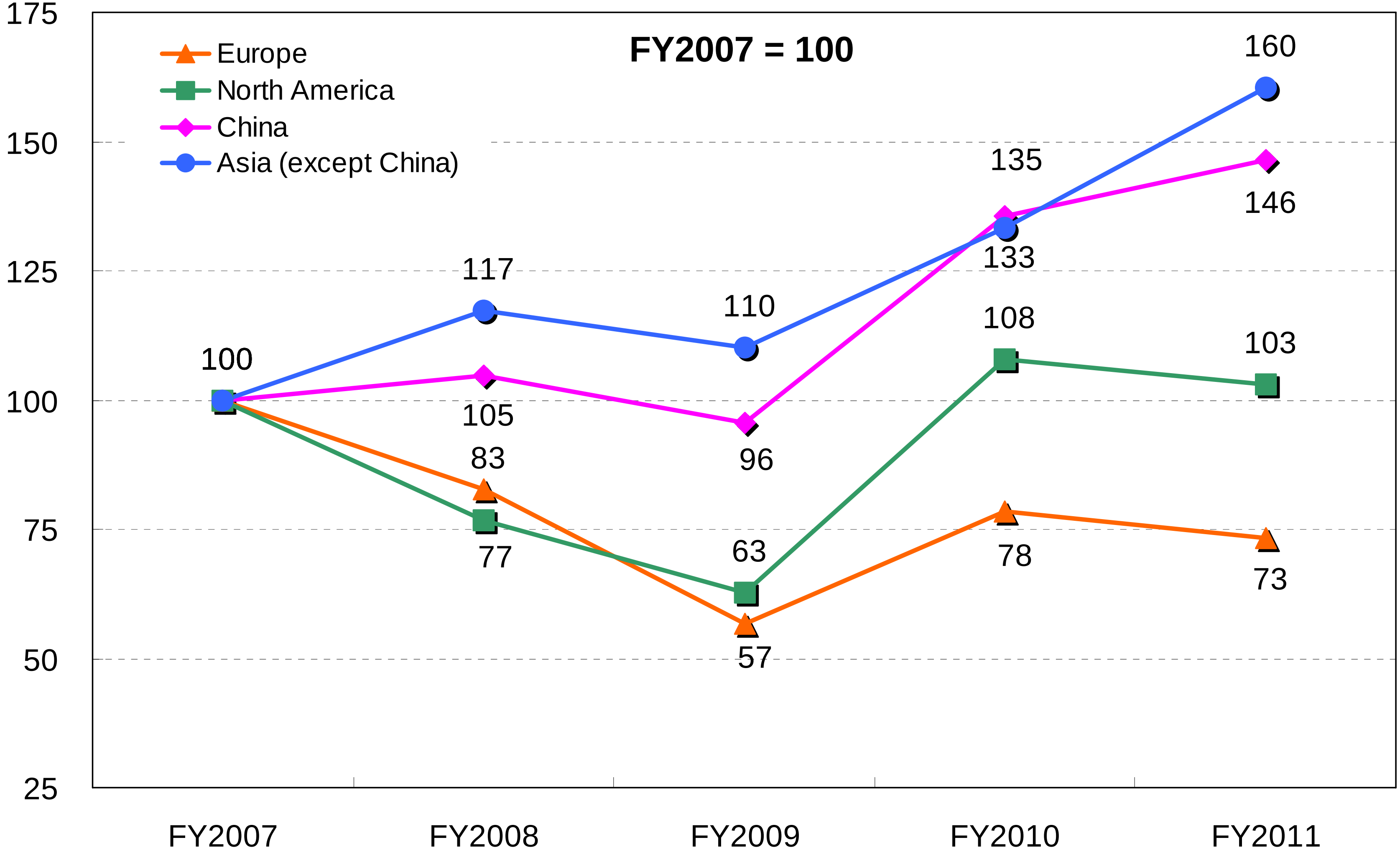
	FY2007	FY2008	FY2009	FY2010	FY2011
Yen - 1USD	117.86	103.49	93.65	87.79	79.79
Yen - 1Euro	161.31	152.65	130.36	116.28	111.11

* International business (overseas sales) figures include only the sales of overseas subsidiaries and direct exports; indirect exports are excluded.
* The accounting year used by overseas subsidiaries ends on December 31.

[Reference] FY2007 - 2011

Changes of Sales of Overseas Subsidiaries

(on local currency basis)



* The percentage changes of sales from fiscal 2007 are shown in each local currency. In Asian regions, there are several currencies. In order to remove the effects of exchange rates, we multiplied the amount in the local currency in each fiscal year by the average rate in fiscal 2007, for convenience.

* The percentage was calculated based on only the sales of overseas subsidiaries; direct exports and indirect exports are not included.

FY2011

Consolidated Balance Sheets

azbil

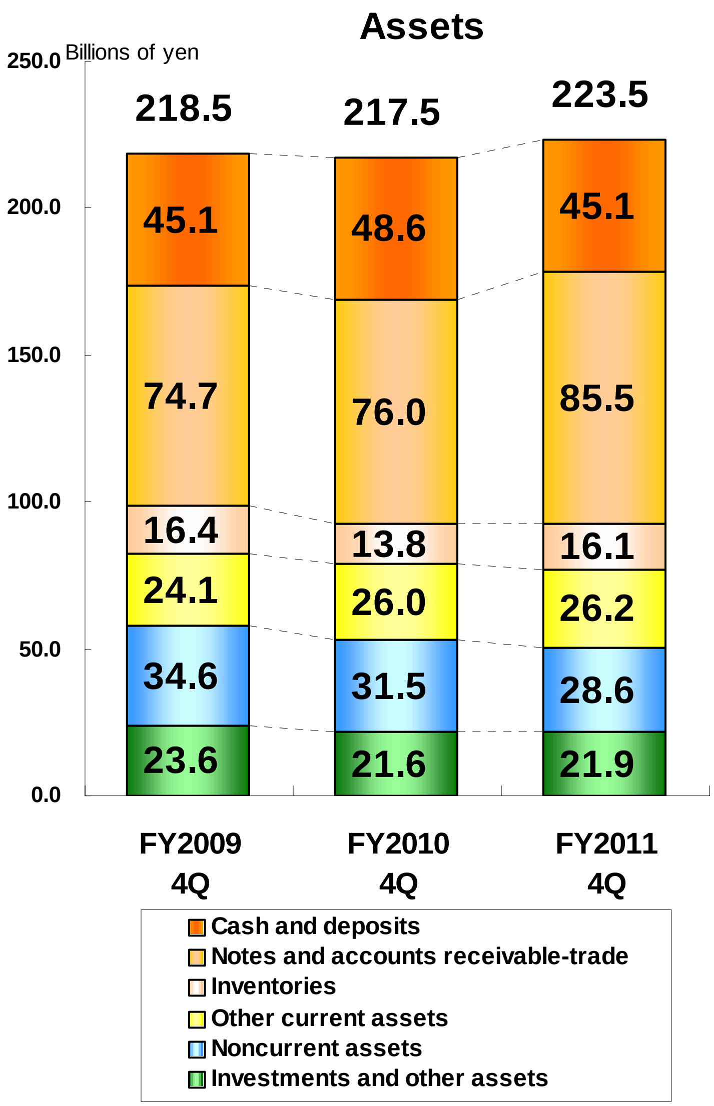
- Total assets rose by 2.7% on the previous fiscal year to 223.5 billion yen, mainly due to growth in orders and sales.

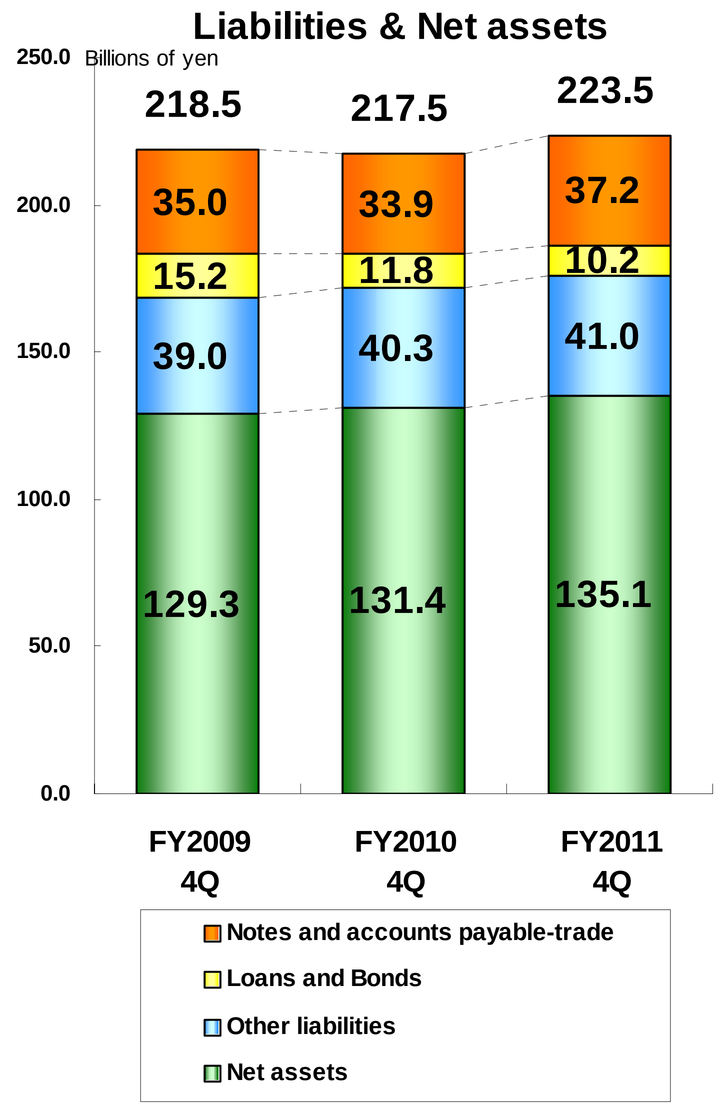
Billions of yen

	FY2009 4Q Mar.2010	FY2010 4Q Mar.2011 (A)	FY2011 4Q Mar.2012 (B)	Difference (B) - (A)		FY2009 4Q Mar.2010	FY2010 4Q Mar.2011 (A)	FY2011 4Q Mar.2012 (B)	Difference (B) - (A)
Current assets	**160.2**	**164.4**	**173.0**	**8.6**	**Liabilities**	**89.2**	**86.1**	**88.4**	**2.3**
Cash & deposits	45.1	48.6	45.1	(3.5)	Current liabilities	74.0	65.5	69.3	3.8
Notes & accounts receivable - trade	74.7	76.0	85.5	9.5	Notes & accounts payable - trade	35.0	33.9	37.2	3.2
Inventories	16.4	13.8	16.1	2.3	Short-term loans & Bonds	14.4	5.7	5.5	(0.1)
Others	24.1	26.0	26.2	0.3	Others	24.5	25.9	26.6	0.7
Noncurrent assets	**58.2**	**53.1**	**50.5**	**(2.6)**	Noncurrent liabilities	**15.2**	**20.6**	**19.1**	**(1.5)**
Property, plant & equipment	27.4	25.7	24.1	(1.6)	Long-term loans & Bonds	0.7	6.2	4.7	(1.5)
Intangible assets	7.1	5.8	4.4	(1.4)	Others	14.5	14.5	14.4	(0.1)
Investments & other assets	23.6	21.6	21.9	0.3					
					Net assets	**129.3**	**131.4**	**135.1**	**3.7**
					Shareholders' equity	125.4	128.8	132.6	3.9
					Capital stock	10.5	10.5	10.5	-
					Capital surplus	17.2	17.2	17.2	(0.0)
					Retained earnings	100.4	103.7	107.5	3.9
					Treasury stock	(2.6)	(2.6)	(2.6)	0.0
					Total accumulated other comprehensive income	**2.2**	**0.8**	**0.9**	**0.1**
					Subscription rights to shares & Minority interests	**1.6**	**1.8**	**1.5**	**(0.2)**
Total assets	**218.5**	**217.5**	**223.5**	**6.0**	Total liabilities & net assets	**218.5**	**217.5**	**223.5**	**6.0**

[Reference] FY2009 - 2011

Consolidated Balance Sheets





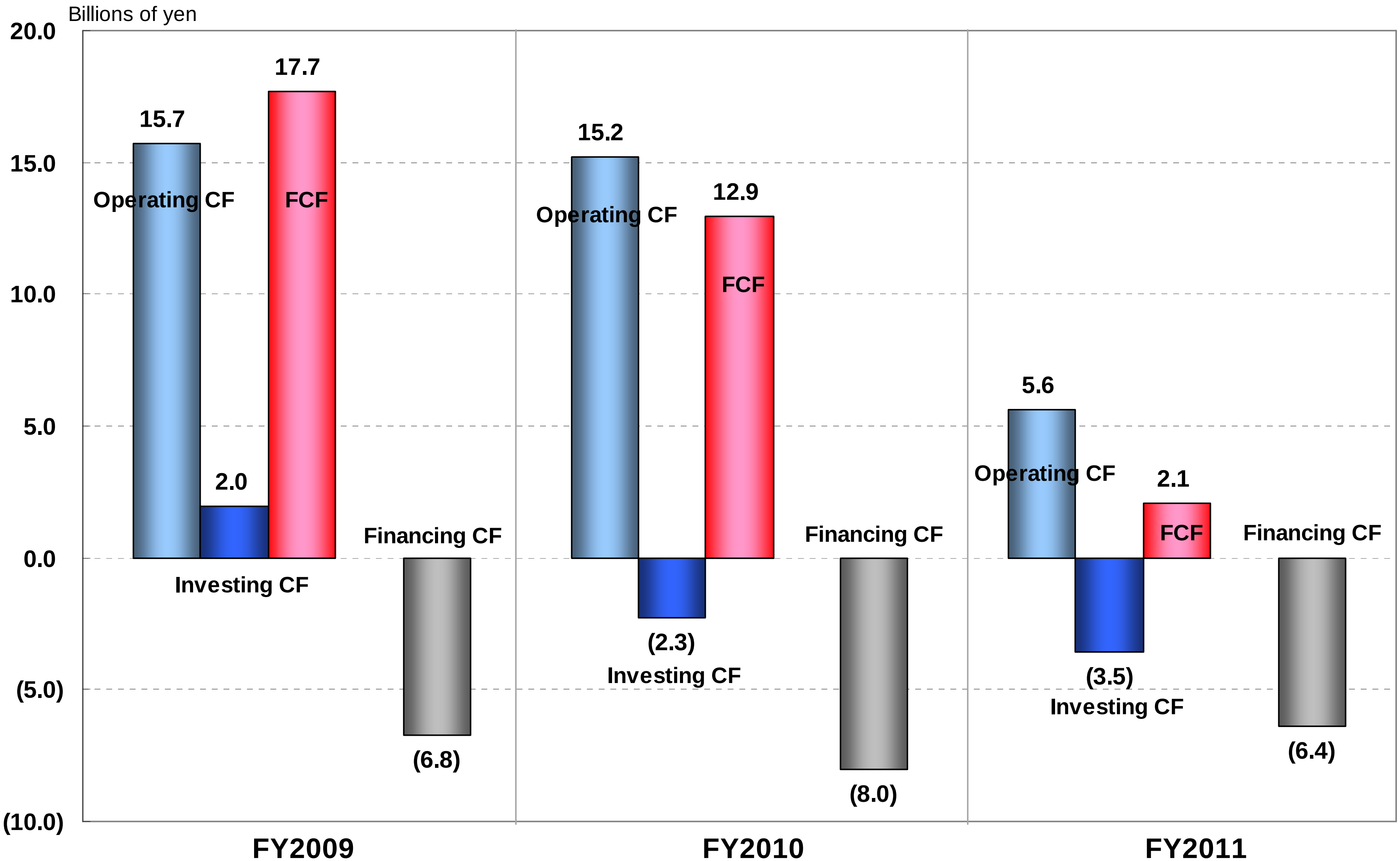
FY2011
Consolidated Cash Flows

- While income increased compared to the previous fiscal year, net cash provided by operating activities was 5.6 billion yen (down 9.6 billion yen from the previous fiscal year). This was mainly owing to an increase in notes and accounts receivable-trade related to sales growth and the closing day falling on a holiday, as well as an increase in corporate tax and other payments.
- Net cash used in investing activities was 3.5 billion yen (up 1.3 billion yen from the previous fiscal year) owing to the fall in proceeds from sales of investment securities.
- Net cash used in financing activities was 6.4 billion yen (down 1.6 billion yen from the previous fiscal year) mainly due to a decrease in cash outflows resulting from the repayment of loans payable.

Billions of yen

	FY2010	FY2011		
	Actual (A)	Actual (B)	Difference (B) - (A)	Difference % Change
Cash flows from operating activities	15.2	5.6	(9.6)	*(63.0)%*
Cash flows from investing activities	(2.3)	(3.5)	(1.3)	–
Free cash flows	12.9	2.1	(10.9)	*(83.9)%*
Cash flows from financing activities	(8.0)	(6.4)	1.6	–
Effect of exchange rate change on cash and cash equivalents	(0.5)	(0.2)	0.3	–
Net increase (decrease) in cash and cash equivalents	4.5	(4.5)	(9.0)	–
Cash and cash equivalents at end of period	59.8	55.4	(4.5)	*(7.5)%*

[Reference] FY2009 - 2011
Consolidated Cash Flows



1 Consolidated Financial Results for Fiscal Year 2011

1-2. Business Plan for FY2012

The FY2012 business plan has been drawn up based on the following preconditions.

* Inter-segment transfer

  From FY2012 some operations within “Others” will be transferred to “AA”.

  Note: Figures given in these materials for results in the period from FY2004 to FY2011 predate the abovementioned inter-segment transfer.

* 3 subsidiaries to be added to the consolidated accounts

  •Beijing YTYH Intelli-Technology Co., Ltd.

  •Azbil India Pvt. Ltd.

  •Azbil Kimmon Technology Corporation

FY2012

Business Plan for Consolidated Financial Results

- It is predicted that the business environment will continue to be as challenging as it has been from the previous fiscal year onwards. While a decline in income, compared to the previous year, is forecast for the first half, an improvement is expected in the second half as a result of implementing measures designed to ensure profitability.
- The solution business will be expanded in fields where customer investment is expected – energy and highly functional materials, energy/power saving, etc. Overseas too, working with those companies in which azbil has recently invested through equity participation, in addition to instrument sales, solution business initiatives will be enhanced and expanded.
- In the medium and long term, so as to ensure profitability in the face of a changing business environment, we will continue to implement measures to strengthen the business structure; these will include cost cutting and the optimum allocation of human resources.

Billions of yen

	FY2011	FY2012				
	Full year Actual (A)	1 H	2 H	Full year Initial plan (B)	Difference (B) - (A)	Difference % Change
Net sales	**223.5**	**106.0**	**124.0**	**230.0**	**6.5**	2.9 %
Operating income	**14.3**	**3.5**	**11.5**	**15.0**	**0.7**	4.5 %
Operating margin	*6.4 %*	*3.3 %*	*9.3 %*	*6.5 %*	*0.1*	
Ordinary income	**14.6**	**3.3**	**11.5**	**14.8**	**0.2**	1.4 %
Net income	**8.5**	**1.6**	**7.4**	**9.0**	**0.5**	5.6 %

* It is assumed that the exchange rate of FY2012 was 75 yen = 1 US dollar.

FY2012

Business Plan for FY2012 by Segment

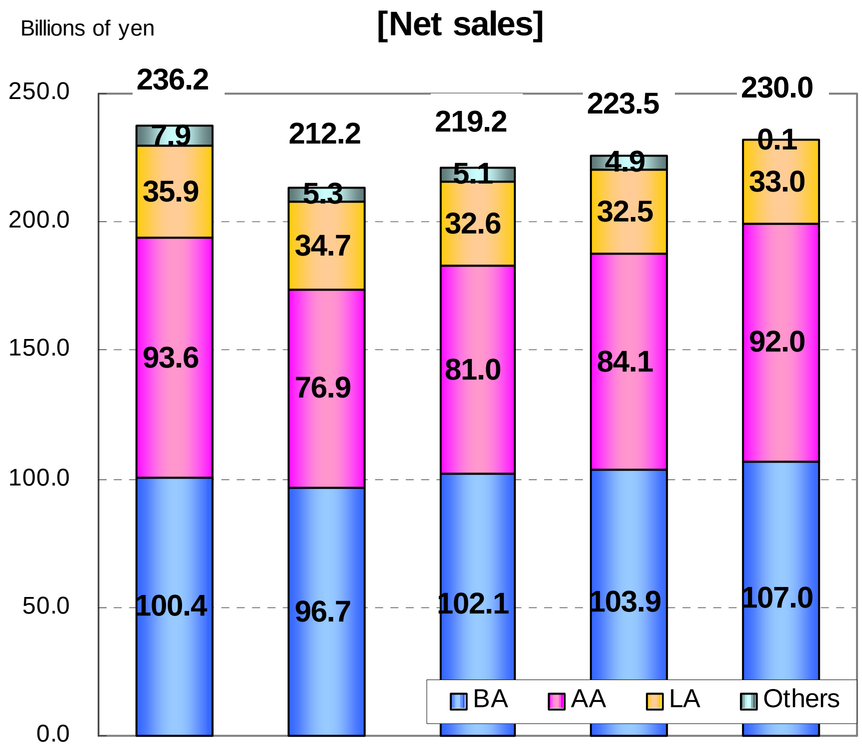
- For the BA business we plan to increase sales by 3.0% to 107.0 billion yen through adding a Chinese subsidiary to the consolidated accounts with the aim of establishing a presence in existing local markets. Although there will be strong downward pressure on prices in the market for new buildings in the first half, improvement is expected in the second half thanks to cost cutting, selective order-taking and other measures to enhance the business structure. As a result, segment profit over the fiscal year is predicted to remain at about the same level: 10.5 billion yen.
- For the AA business, our plan envisages growth in sales, supported by a recovery in domestic and overseas demand. Buoyed by the inter-segment transfer, sales are predicted to be 92.0 billion yen, representing an increase of 9.4% on the year. Sales growth will raise segment profit by 24.8% to 5.0 billion yen.
- For the LA business, sales growth is forecast for all business units, including Azbil Kimmon, but profits are expected to fall as a result of increased initial expenditures aimed at market development and share expansion for residential central air-conditioning systems.

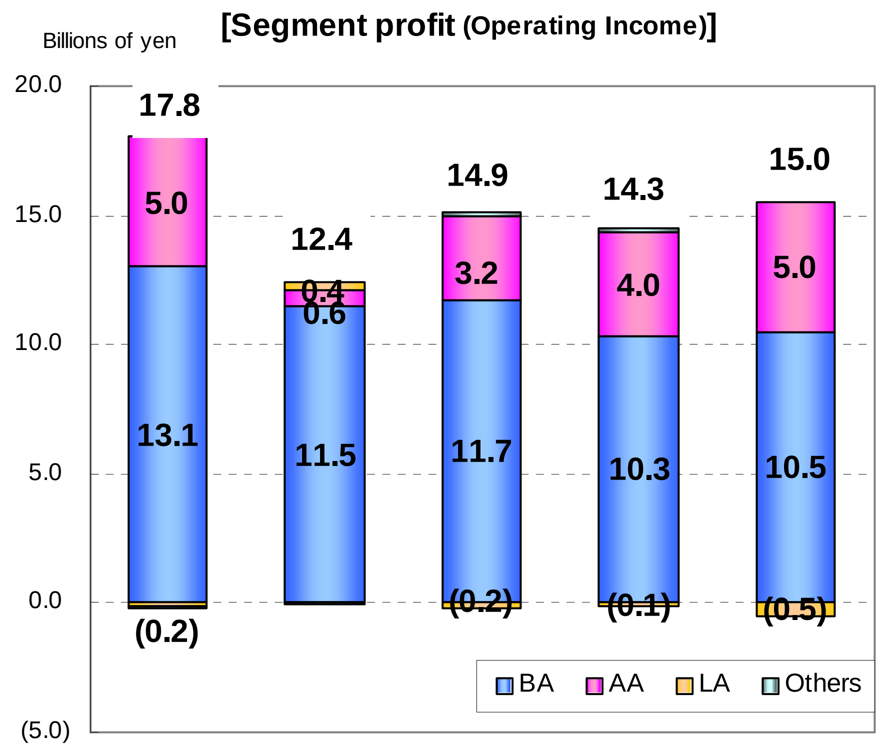
Billions of yen

		FY2011	FY2012				
		Full year Actual (A)	1 H	2 H	Full year Initial plan (B)	Difference (B) - (A)	Difference % Change
BA	Net sales	103.9	46.0	61.0	107.0	3.1	3.0%
	Segment profit	10.3	1.5	9.0	10.5	0.2	1.7%
	%	9.9%	3.3%	14.8%	9.8%	(0.1)	
AA	Net sales	84.1	44.0	48.0	92.0	7.9	9.4%
	Segment profit	4.0	2.2	2.8	5.0	1.0	24.8%
	%	4.8%	5.0%	5.8%	5.4%	0.7	
LA	Net sales	32.5	17.0	16.0	33.0	0.5	1.4%
	Segment profit	(0.1)	(0.2)	(0.3)	(0.5)	(0.4)	-
	%	(0.4)%	(1.2)%	(1.9)%	(1.5)%	(1.1)	
Others	Net sales	4.9	0.1	0.0	0.1	(4.8)	(98.0)%
	Segment profit	0.1	0.0	0.0	0.0	(0.1)	(100.0)%
	%	2.9%	0.0%	0.0%	0.0%	(2.9)	
Consolidated	Net sales	223.5	106.0	124.0	230.0	6.5	2.9%
	Operating income	14.3	3.5	11.5	15.0	0.7	4.5%
	Operating margin	6.4%	3.3%	9.3%	6.5%	0.1	

* Each segment amounts include internal transactions between business segments.

[Reference] FY2008 - 2012
Results and Business Plan for FY2012 by Segment





Billions of yen

	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Plan
BA	100.4	96.7	102.1	103.9	107.0
AA	93.6	76.9	81.0	84.1	92.0
LA	35.9	34.7	32.6	32.5	33.0
Others	7.9	5.3	5.1	4.9	0.1
Consolidated	236.2	212.2	219.2	223.5	230.0

Billions of yen

	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Plan
BA	13.1	11.5	11.7	10.3	10.5
AA	5.0	0.6	3.2	4.0	5.0
LA	(0.2)	0.4	(0.2)	(0.1)	(0.5)
Others	(0.1)	(0.0)	0.1	0.1	0.0
Consolidated	17.8	12.4	14.9	14.3	15.0

* Each segment amounts include internal transactions between business segments.

1 Consolidated Financial Results for Fiscal Year 2011

1-3. Return to Shareholders

FY2011 (ended March 31, 2012) Dividends Plan

FY2012 (ending March 31, 2013) Dividends Forecast

FY2011 Dividends Plan

- **Placing great importance on the profit sharing with shareholders, Azbil is planning to issue dividends of 63 yen per share, as announced at the beginning of FY2011(May, 2011).**

FY2011	(Interim)		(Year-end)		(Annual)
	Paid on December, 2011		Planned to pay on June, 2012		
	31.5 yen	+	**31.5** yen	=	**63** yen

FY2012 Dividends Forecast

- **In spite of the continuing uncertainties in the business environment, Azbil will issue an annual dividend for FY2012 of 63 yen per share, the same as for FY2011, in order to maintain shareholders' return.**

FY2012	(Interim)		(Year-end)		(Annual)
	December, 2012 Forecast		June, 2013 Forecast		
	31.5 yen	+	***31.5*** yen	=	***63*** yen

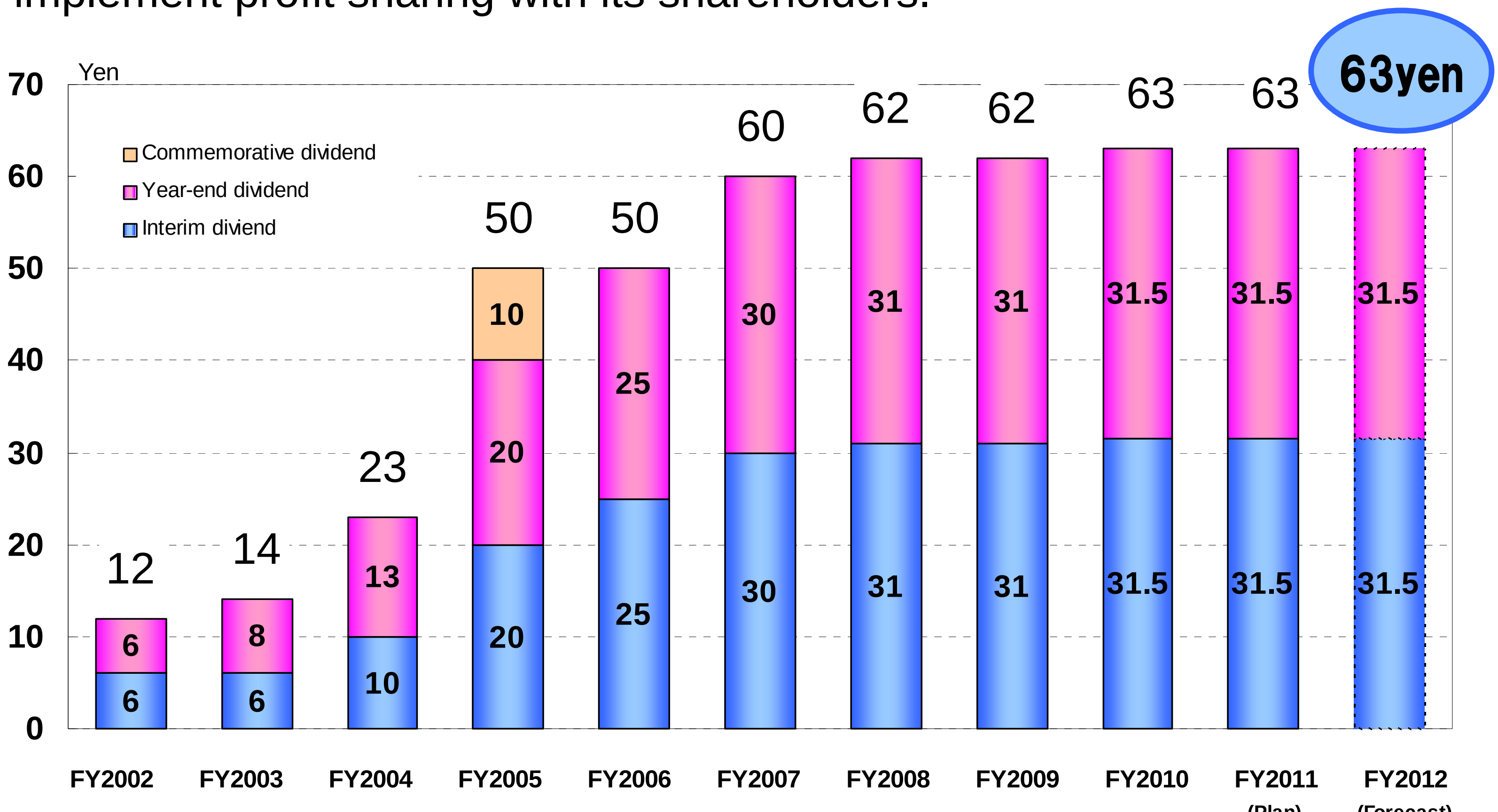
- **This would result in an expected DOE* of 3.4% and payout ratio of 51.7%.**

* DOE: Dividends on equity ratio

Dividends per Share

azbil

- Since FY2003 the Group has continuously striven to raise the dividend level and actively implement profit sharing with its shareholders.



	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011 (Plan)	FY2012 (Forecast)
Annual dividends (Yen)	12	14	23	50	50	60	62	62	63	63	63
Dividends on equity (%)	0.9	1.1	1.7	3.5	3.2	3.7	3.7	3.6	3.6	3.5	* 3.4
Payout ratio (%)	16.6	31.8	45.6	37.6	34.6	41.2	48.5	73.4	58.7	54.6	* 51.7

* Reference

2 **Initiatives of the Medium-Term Plan**
(Fiscal Years 2010 - 2013)

Embodying the Group's philosophy in "azbil"

(azbil: Automation Zone Builder)

Symbol of the Group philosophy of "human-centered automation"

■ azbil Group Philosophy ■

To realize safety, comfort and fulfillment in people's lives and contribute to global environmental preservation through "human-centered automation."

To achieve our philosophy,

- We create value together with customers at their site.
- We pursue our unique value based on the idea of "human-centered."
- We think towards the future and act progressively.

- The Group's philosophy of "human-centered automation" represents a way of thinking that incorporates a far-reaching view of the future.
- With this as our compass – pointing in the direction that the new azbil Group should follow – we will step up our efforts at reforming the business structure and enhancing enterprise value.

The azbil Group's progress to date

Promoting reforms to the business and operational structure based on the philosophy of "human-centered automation"

Fostering azbil spirit | Creating new work styles | Creating new business

- The decade from 2004 has been divided into 3 phases of activity.

Period of fostering azbil spirit	Period of firmly establishing the foundation	Period of growth
FY2004 - 2006	FY2007 - 2009	FY2010 - 2013

Reasons behind changes in the business environment	Reform activities
Business fluctuations in a maturing market	Concentrating on azbil's core competence in automation, emphasis will be placed on the three main businesses – BA, AA,LA – which operate within differing market structures.
Structural changes to markets Environmental issues; falling birth rate and ageing population; growing influence of emerging economies. Improvements to safety, security and quality; new technologies and higher added value	Implementing a paradigm shift, from simple "control" to employing the concept of "human-centered automation" to shape the course of azbil's business.

- Some progress has been achieved in implementing "human-centered automation" unique to the azbil Group.
- Considering the corporate environment, there are many issues – both business and structural – that demand attention.

Future priorities

azbil

Business environment

It is a very challenging business environment, and also the situation is difficult to predict (uncertain future).

- **Changes in the domestic business environment**
  - Maturing employment and consumption
  - Super-senescent society
  - International competitiveness (developing technologies, exchange rates)
- **Changes in the overseas business environment**
  - Growth in China, Asia
  - Rapid progress of BRICs and emerging economies
- **From business cycles to economic structural changes**

The quest for “human-centered automation”:

Enhancing customer relations and value (scope, quality) strategy.

Initiative 1
Aiming to become a long-term partner for both the customer and the community,
through offering solutions based on azbil’s technology and products

Initiative 2
Taking the international business to the next level
Global initiative: Expansion into new regions and a qualitative change of focus

Initiative 3
Implementing organizational reforms to create a corporate entity that can respond flexibly and continuously to changes in the business environment

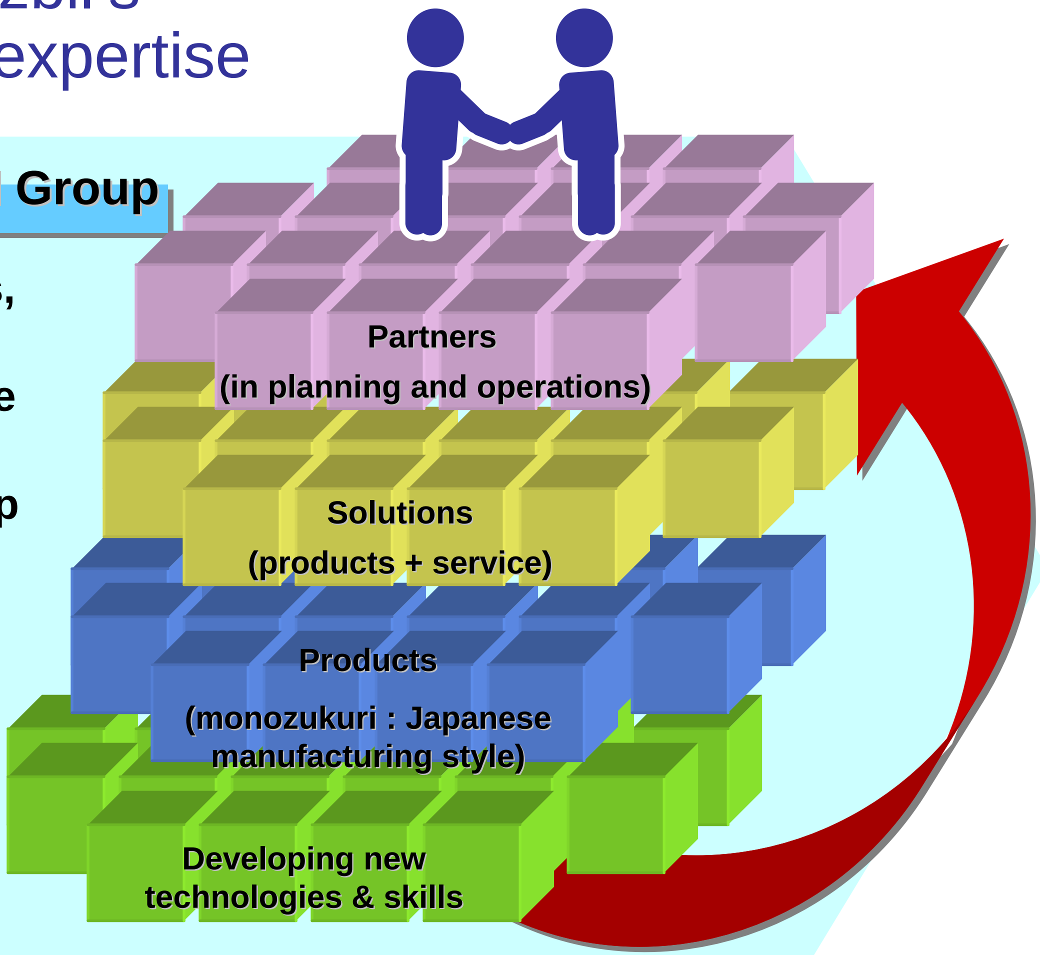
Initiative 1

Aiming to become a long-term partner for both the customer and the community, through offering solutions based on technology and products

Offering greater value on site, over a broader range, drawing on azbil's advanced technologies and expertise

Features and strengths of the azbil Group

- Foundation of advanced technologies, expertise and products
- Thorough grasp of the customer's site (application)
- Collective strengths of the azbil Group (synergy)
- Solution competences that combine products and service (consulting, engineering, installation & commissioning, maintenance, etc.)
- Ability to develop comprehensive plans for factory/facility complexes and localities, and to support operators in running them



Initiative 1

Working to Become a Long-term Partner for Customer and Community

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BA Shifting to value-added lifecycle solutions (aG synergy)

(environment & next-generation HVAC, Smart City, industrial fields, expansion from Japan to overseas)

- Promoting the energy conservation business to better serve customers facing constraints on power
  - Offering energy-saving solutions that make use of the azbil Group's knowhow, data resources and on-site execution capabilities as "Aggregator", to coincide with subsidy payments for operators adopting BEMS
- Solution for pharmaceutical production lines
  - From products to MES (Manufacturing Execution System) and PQ (Performance Qualification)

AA Offering unique solutions to plant owners and equipment manufacturers globally (global valve initiative, solutions for equipment manufacturers)

- Strengthening the valve business, including supply chains stretching from Asia to the Middle East
  - Bolstering valve maintenance facilities & capabilities in each area, establishing a joint venture (tentative) in Saudi Arabia for the production and sales of valves
- Strengthening of customizing capabilities for customers in Europe & America
  - Bolstering the development capabilities of Azbil North America, opening a German branch of Azbil Europe

LA Shifting focus to the region/individual, to a multifaceted approach

(infrastructure development for the nursing care and lifestyle support business, bolstering sales force/facilities for residential central air-conditioning systems, expanding the scope of the LA business)

- Bolstering sales force/facilities for Kikubari residential central air-conditioning systems
  - Transferring staff to sales & engineering departments, opening new showrooms
- Strengthening the business through merger between Safety Service Center and Yamatake Care-Net
  - Homes for the elderly, night-care service

Initiative 2

Taking the international business to the next level
Global initiative: Expansion into new regions and a qualitative change of focus

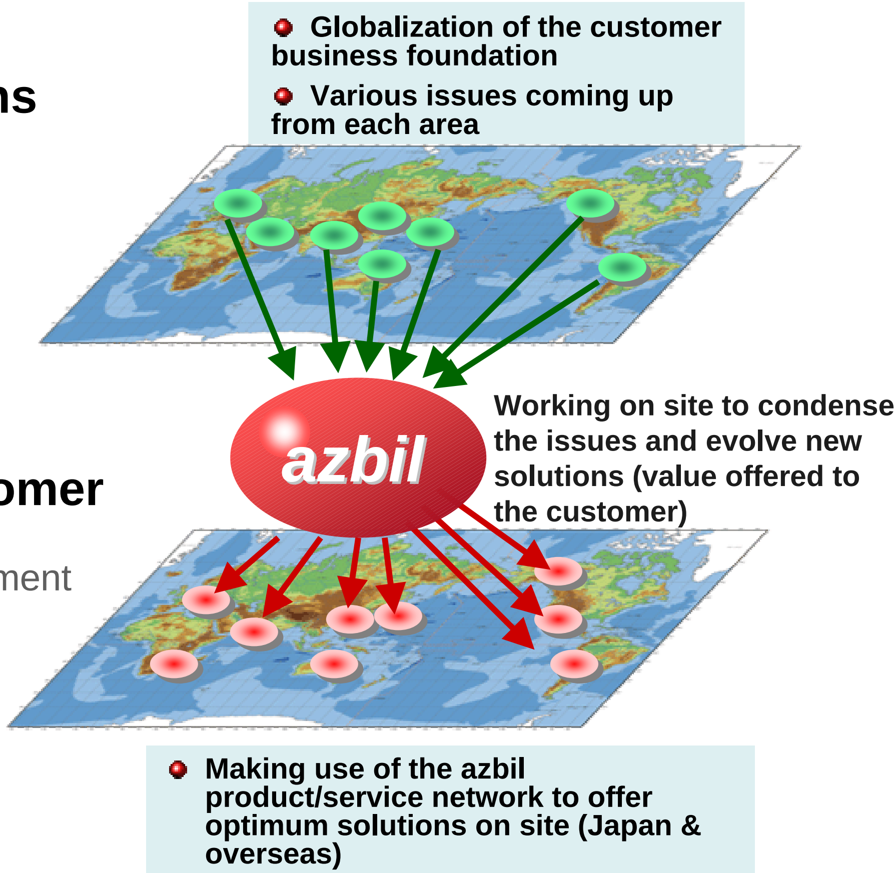
Think globally. In addition to overseas initiatives, this means planning in a way that will ultimately enhance the value that can be offered to customers in Japan as well.

Expansion into new regions

- **Expanding overseas business regions and domains**
  - India, Middle East, Brazil, etc.
  - China: Building market (local capital), Taiwan: Gas meters, etc.

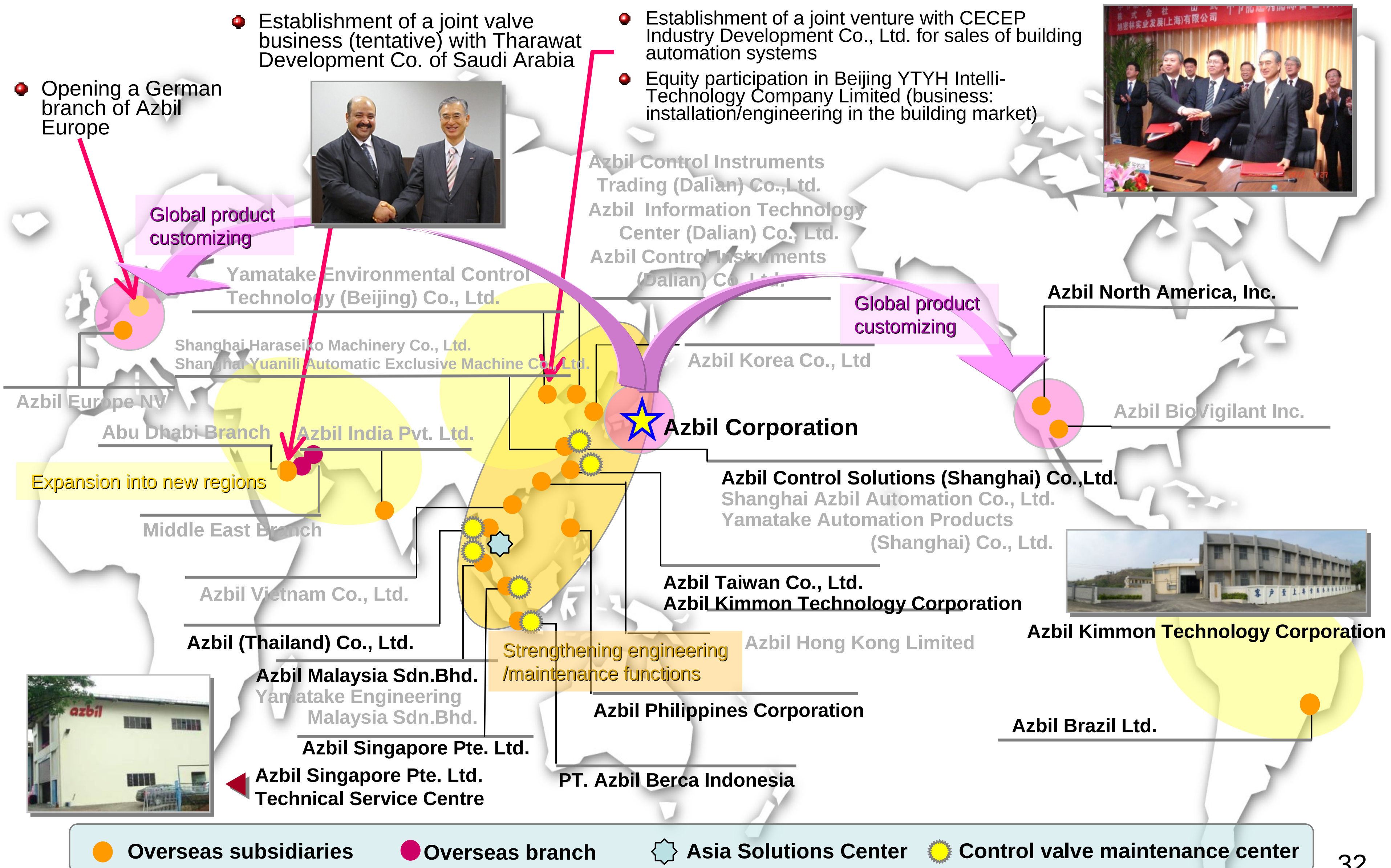
Qualitative change of focus

- **Products ➞ Products + Service**
- **Expanding value at the point of customer contact (Solution)**
  - Organizational restructuring: Production, development (regionally directed), engineering/service
- **Shifting to consulting & applications**
  - BA: Energy management, facility operation / management, etc
  - AA: Plant asset management and maintenance, advanced energy-saving control, etc.



Initiative 2

Global Initiatives of the azbil Group



Initiative 3

Implementing organizational reforms to create a corporate entity that can respond flexibly and continuously to changes in the business environment

azbil

Creating new work styles

Strengthening the business structure

Enhancing efficiency through concentration and decentralization

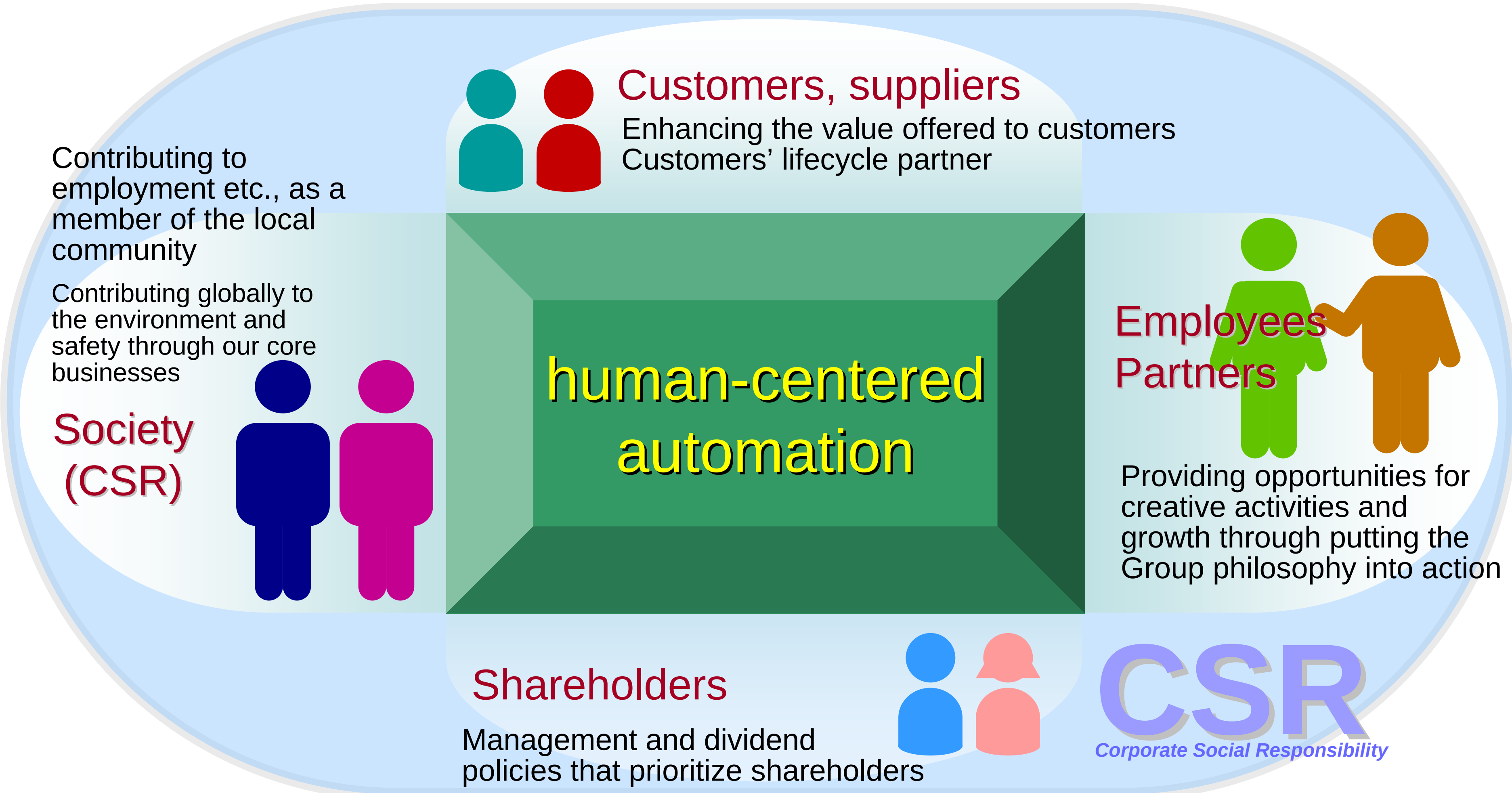
Optimum allocation and use of the Group's human resources

- **Strengthening the service structure**
  - Establishment of a service HQ: Integrating the service functions of all BA and AA companies, increasing human resources (market testing, social infrastructure management for water treatment plants, etc.)
- **Enhancing product development capabilities**
  - Establishment of a technology development HQ: Creating an integrated product development system that combines the functions of core technology development, product development and process development
  - Creating a global development system through regional dispersion & coordination
- **Optimizing production systems**
  - Establishment of a production management HQ: Restructuring production systems in Japan and overseas, globalizing azbil's production systems

We will redouble our efforts to respond to changes in the business environment, and to precisely meet customer requirements related to the environment, to energy conservation, to safety and security.

Aiming to build a corporate entity that learns, so it can continuously strengthen the business structure

Presenting all stakeholders with the "human-centered" azbil Group



- Strengthening CSR that is the basis of our activities and adopting the "human-centered" perspective enables us to run our business in a way that is consistent, not just for our customers and suppliers, but also for our employees and partners, for our shareholders, for the local community, and for society as a whole.
- All azbil employees strive to foster "human-centered automation" that can be appreciated in a tangible form, both internally and externally.

Introducing the Azbil Corporation and the new azbil Group

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On April 1, 2012

Azbil Corporation

A new start
for
azbil Group companies

Significance

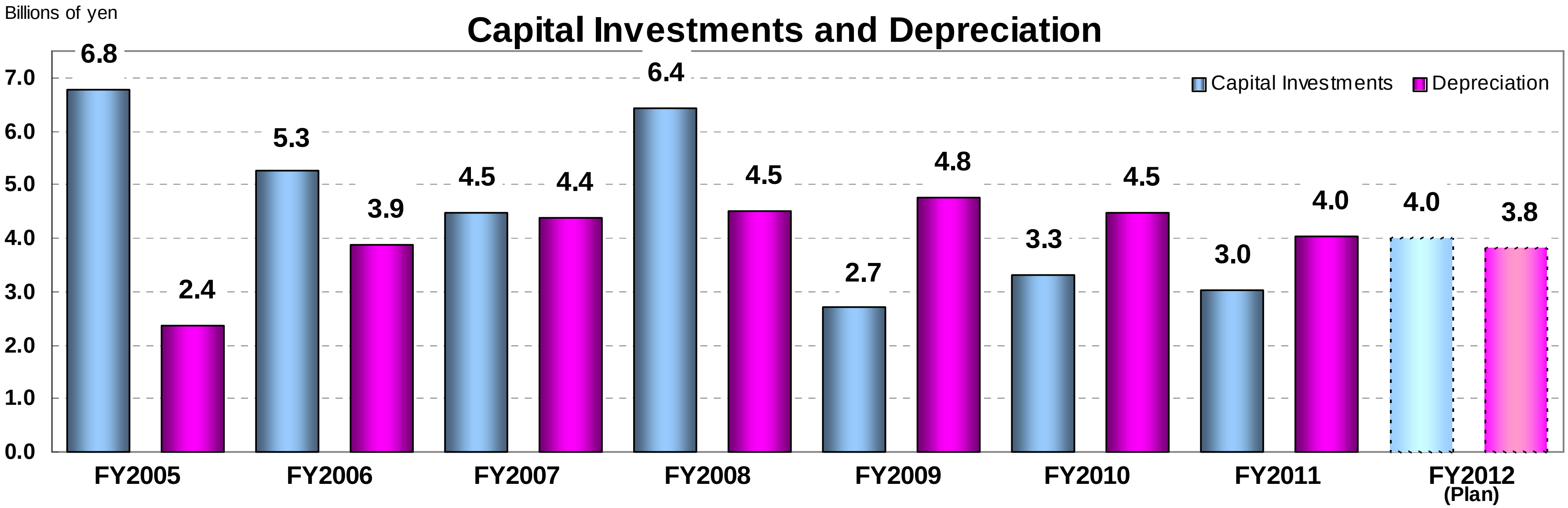
We are embarking on a quest for added value that can be provided to our customers via “human-centered automation”. All employees are resolutely committed to this mission.

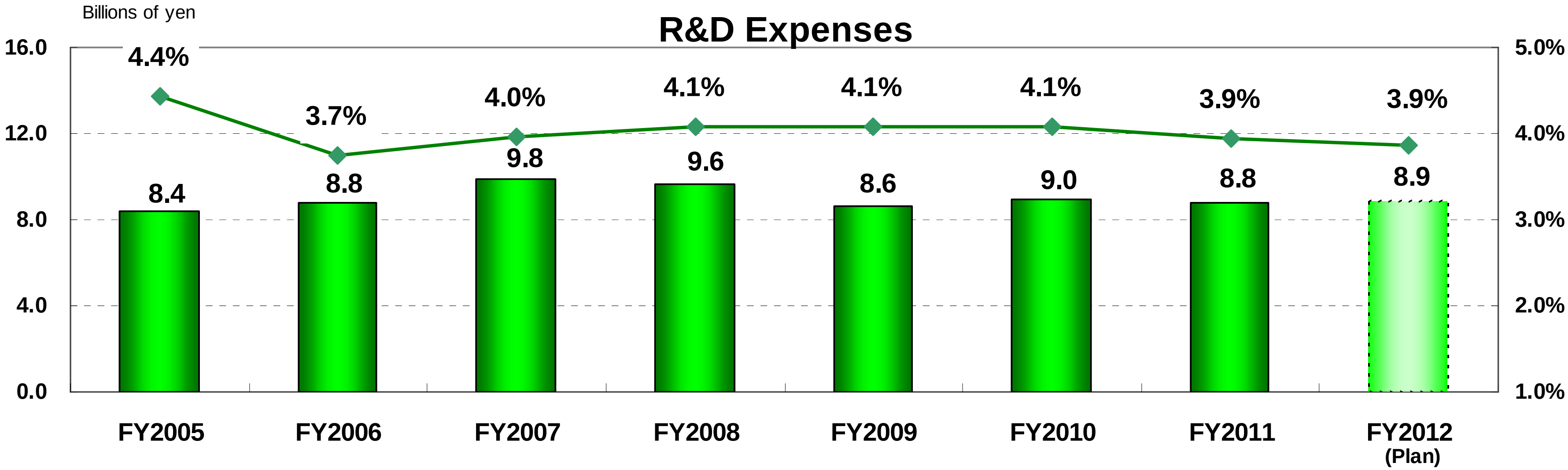
☆ This represents a new start for the shared growth and prosperity of the azbil Group, its partners and suppliers, and most importantly its customers in Japan and abroad. We are grateful for your continued understanding and support for azbil, “human-centered automation”.

Appendix

- **Capital Investments, Depreciation and R&D Expenses**
  (FY2011 Financial Results / Business Plan for FY2012)
- **New names for azbil Group companies in Japan**

[Reference]
Capital Investments, Depreciation and R&D Expenses





New names for azbil Group companies in Japan

Current company name	New company name
Yamatake Corporation	Azbil Corporation
Yamatake Control Products Co., Ltd.	
Yamatake & Co., Ltd.	Azbil Trading Co., Ltd.
Yamatake Friendly Co., Ltd.	Azbil Yamatake Friendly Co., Ltd.
Yamatake Care-Net Co., Ltd.	Azbil Care & Support Co., Ltd.
Safety Service Center Co., Ltd.	
SecurityFriday Co., Ltd.	Azbil SecurityFriday Co., Ltd.
Kimmon Manufacturing Co., Ltd.	Azbil Kimmon Co., Ltd.
Aomori Manufacturing Co., Ltd.	Azbil Kimmon Aomori Co., Ltd.
Wakayama Seiki Co., Ltd.	Azbil Kimmon Wakayama Co., Ltd.
Shirakawa Seiki Co., Ltd.	Azbil Kimmon Shirakawa Co., Ltd.
Kimmon Shirasawa Co., Ltd.	Azbil Kimmon Shirasawa Co., Ltd.
Kimmon Aizu Co., Ltd.	Azbil Kimmon Aizu Co., Ltd.
Kimmon Haramachi Co., Ltd.	Azbil Kimmon Haramachi Co., Ltd.
Kimmon Karatsu Co., Ltd.	Azbil Kimmon Karatsu Co., Ltd.
Kimmon Environment Equipment Co., Ltd.	Azbil Kimmon Engineering Co., Ltd.
Hokkaido Kimmon Construction Co., Ltd.	
Tohoku Kimmon Construction Co., Ltd.	
Yamatake Mizuho Co., Ltd.	Azbil Kyoto Co., Ltd.
Royal Controls Co., Ltd.	Azbil RoyalControls Co., Ltd.
Taishin Co., Ltd.	Azbil Taishin Co., Ltd.

In FY2008 overseas subsidiaries began the process of adding “Azbil” to their company names.

To realize safety, comfort and fulfillment in people’s lives and contribute to global environmental preservation through “human-centered automation.”